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PRECISION DRILLING CORP
Form 6-K
May 01, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO SECTION 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For May 1, 2003

Commission File Number:

PRECISION DRILLING CORPORATION
(Exact name of registrant as specified in its charter)

4200, 150 - 6TH AVENUE S.W.
CALGARY, ALBERTA
CANADA T2P 3Y7
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1). _____

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- N/A

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRECISION DRILLING CORPORATION

Per: /s/ Jan M. Campbell

Jan M. Campbell
Corporate Secretary

Date: May 1, 2003

Calgary, Alberta, Canada - May 1, 2003

PRECISION DRILLING ANNOUNCES STRONG FIRST QUARTER RESULTS - MARCH 31, 2003

Precision Drilling Corporation ("Precision" or the "Corporation") today reports strong results for the first quarter of 2003. Earnings per share from continuing operations for the quarter was \$1.30 compared to \$1.19 in the first quarter of the prior year. Results from continuing operations were reduced by \$0.07 per share due to the net impact of writing down operating assets, settlement of two disputes and costs incurred related to restructuring certain operations. The gain on disposal of Energy Industries Inc. ("Energy Industries") added earnings of \$0.24 per share for a total of \$1.54 for the quarter while the impact of Energy Industries earnings on 2002 was \$0.04 per share for a total of \$1.23.

Operating earnings as a percentage of revenue was 30% and 5% for the Contract Drilling and Technology Services segments, respectively, compared to 33% and 4% in 2002. The above-mentioned items reduced operating earnings for the Contract Drilling and Technology Services segments by \$3.3 million and \$6.3 million respectively and increased operating earnings in the Corporate segment by \$3.1 million. Contract Drilling operating earnings, as a percentage of revenue, excluding the impact of these items, was 31% in 2003 compared to 33% in 2002. Technology Services operating earnings before the impact of these items was \$16.7 million or 8% of revenue, doubling the previous year's 4%.

Contract Drilling revenue of \$335.9 million in the first quarter of 2003 increased by \$30.3 million or 10% compared to the same period in 2002. The increase was the result of heightened activity in Canada where rig operating days for the Corporation increased 19% over the same period of the prior year partially offset by a 3% decrease in drilling day rates. The increase experienced in Canada was offset somewhat by a decrease in revenue from international operations due to the political instability in Venezuela and the strengthening Canadian dollar when compared to the US dollar.

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Revenue in Technology Services of \$214.7 million was a 15% increase over the first quarter of 2002. In line with Contract Drilling, the majority of the increase was from the Canadian market where revenue was up 19%. The improved EMPulse(TM) electromagnetic (EM) measurement while drilling (MWD) system delivered significant operational efficiencies during the first quarter, which contributed to increased market share and financial performance. During the quarter the Corporation also took significant steps to reduce costs and improve profitability without limiting the ability to globalize our core product offerings.

The Corporation sold its 100% owned subsidiary Energy Industries with an effective date of January 1, 2003. After excluding the impact of Energy Industries, revenue from the Rental and Production segment of \$49.6 million was up 4% from the same quarter in the prior year. The improvement in the oilfield activity in Canada had a direct impact on the Company's rental business, which saw a revenue increase year over year of 31%. The industrial plant maintenance business remained at similar activity levels as in the prior year.

The Corporation's commitment to international expansion will continue with a heightened focus on sustainable profitability. That being said, the anticipated record activity levels in Canada, where the Corporation enjoys a dominant position, will be the driver for improved earnings.

Certain statements contained in this press release, including statements which are related to drilling activity and future profitability and which may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts are forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties which may cause the actual results, performances or achievements of Precision to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include fluctuations in the market for oil and gas and related products and services; competition; political and economic conditions in countries in which Precision does business; the demand for services provided by Precision; changes in laws and regulations, including environmental, to which Precision is subject and other factors, which are described in further detail in Precision's filings with the Securities and Exchange Commission.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

		THREE M
CDN \$000'S, EXCEPT PER SHARE AMOUNTS (UNAUDITED)		2003
Revenue	\$	600,233
Expenses:		
Operating		387,377
General and administrative		36,698
Depreciation and amortization		50,746
Research and engineering		9,281
Foreign exchange		93

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	484,195

Operating earnings	116,038
Interest	9,435

Earnings before income taxes, non-controlling interest and discontinued operations	106,603
Income taxes:	
Current	22,035
Future	12,456

	34,491
=====	
Earnings before non-controlling interest and discontinued operations	72,112
Non-controlling interest	286

Earnings from continuing operations	71,826
Gain on disposal of discontinued operations	13,071
Discontinued operations, net of tax	-
=====	
Net earnings	84,897
Retained earnings, beginning of period	620,084
=====	
Retained earnings, end of period	\$ 704,981
=====	
Earnings per share from continuing operations:	
Basic	\$ 1.33
Diluted	\$ 1.30

Earnings per share:	
Basic	\$ 1.57
Diluted	\$ 1.54
=====	
Common shares outstanding (000's)	54,266
Weighted average shares outstanding (000's)	54,161
Diluted shares outstanding (000's)	55,149

CONSOLIDATED BALANCE SHEETS

CDN \$ 000'S

MARCH 31,
2003

(UNAUDITED)

ASSETS

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Current assets:	
Cash	\$ 26,697
Accounts receivable	614,057
Income taxes recoverable	2,921
Inventory	120,463

	764,138
Property, plant and equipment, net of accumulated depreciation	1,529,635
Intangibles, net of accumulated amortization	70,773
Goodwill	537,692
Other assets	17,880

	\$ 2,920,118
=====	

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:	
Bank indebtedness	\$ 98,480
Accounts payable and accrued liabilities	290,763
Current portion of long-term debt	25,466

	414,709
Long-term debt	551,870
Future income taxes	327,128
Non-controlling interest	2,305
Shareholders' equity:	
Share capital	919,125
Retained earnings	704,981

	1,624,106

	\$ 2,920,118
=====	

CONSOLIDATED STATEMENTS OF CASH FLOW

	THREE MONTHS
	ENDING
	MARCH 31, 2003
CDN \$000'S (UNAUDITED)	2003

Cash provided by (used in):	
Continuing operations:	
Net earnings	\$ 71,826
Items not affecting cash:	
Depreciation and amortization	50,746
Future income taxes	12,456
Non-controlling interest	286

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Amortization of deferred financing costs	322
Unrealized foreign exchange gain on long-term debt	(4,744)

Funds provided by continuing operations	130,892
Changes in non-cash working capital balances	(150,704)

	(19,812)
Discontinued operations:	
Net earnings	13,071
Items not affecting cash:	
Gain on disposal of discontinued operations	(13,071)
Depreciation and amortization	-
Future income taxes	-

Funds provided by discontinued operations	-
Investments:	
Business acquisitions	(6,800)
Purchase of property, plant and equipment	(76,726)
Purchase of intangibles	(6)
Proceeds on sale of property, plant and equipment	4,237
Proceeds on disposal of discontinued operations	60,360
Investments	(759)

	(19,694)
Financing:	
Increase in long-term debt	44,960
Repayment of long-term debt	(5,440)
Issuance of common shares on exercise of options	6,209
Change in bank indebtedness	3,159

	48,888

Increase (decrease) in cash	9,382
Cash, beginning of period	17,315

Cash, end of period	\$ 26,697
=====	

SEGMENT INFORMATION

THREE MONTHS ENDED MARCH 31, 2003 CDN \$000's (unaudited)	Contract Drilling	Technology Services	Rental and Production	Co an

Revenue	\$ 335,872	\$ 214,740	\$ 49,621	\$
Operating earnings	102,389	10,381	8,335	
Research and engineering	-	9,281	-	
Depreciation and amortization	25,746	20,508	3,319	
Total assets	1,421,031	1,238,468	179,365	

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Goodwill	257,531	251,589	28,572
Capital expenditures*	8,298	60,028	3,849

THREE MONTHS ENDED MARCH 31, 2002 CDN \$000's (unaudited)		Contract Drilling		Technology Services		Rental and Production		Co an
Revenue	\$	305,583	\$	186,196	\$	47,847	\$	
Operating earnings		101,522		8,023		8,993		
Research and engineering		-		8,061		-		
Depreciation and amortization		20,680		15,690		3,294		
Total assets		1,417,525		1,057,149		246,387		
Goodwill		257,531		250,045		37,801		
Capital expenditures*		9,841		28,163		8,611		

*excludes acquisitions

CANADIAN DRILLING OPERATING STATISTICS

	FOR THE THREE MONTHS ENDED MARCH 31, 2003				
	Precision	Industry*	Market Share %	Precision	Indu
Number of drilling rigs	225	648	34.7	224	
Number of operating days (spud to release)	14,641	42,024	34.8	12,289	3
Wells drilled	2,281	5,383	42.4	1,722	
Average days per well	6.4	7.8		7.1	
Metres drilled (000's)	2,391	5,950	40.2	1,911	
Average metres per day	163	142		155	
Average metres per well	1,048	1,105		1,110	
Rig utilization rate (%)	72.3	72.1		60.5	

* Excludes non-CAODC rigs.

A conference call to review the first quarter 2003 results has been scheduled for 12:00 noon MST on Thursday, May 1, 2003. The conference call dial-in number is 1-800-814-4853.

A live webcast will be accessible at www.precisiondrilling.com.

Precision Drilling Corporation is listed on the Toronto Stock Exchange under the ticker symbol "PD" and on the New York Stock Exchange under the ticker symbol "PDS".

FOR FURTHER INFORMATION, PLEASE CONTACT DALE E. TREMBLAY, SENIOR VICE PRESIDENT, FINANCE AND CHIEF FINANCIAL OFFICER, TELEPHONE: (403) 716-4500, FAX: (403) 264-0251; WEBSITE: WWW.PRECISIONDRILLING.COM.